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LISTING STATEMENT No. 2298

LISTED MAY 23rd, 1968

873,039 ordinary shares of no par value, of which
269,220 shares are subject to issuance.
Stock Symbol "OKH"
Post Section 11
Dial Quotation No. 2244

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

OKANAGAN HELICOPTERS LTD.

Incorporated under the laws of the Province of British Columbia by Memorandum and Articles of Association on April 18, 1947, as Okanagan Air Services Ltd. In 1952 the company's name was changed to Okanagan Helicopters Ltd.

CAPITALIZATION AS AT DECEMBER 31, 1967

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
6% Cumulative Redeemable Convertible Preferred Shares of \$10 par value per share (Conversion Privilege expired December 15, 1960)	48,738	32,151	Nil
6% Second Cumulative Redeemable Convertible Preferred Shares of \$10 par value per share	46,440	46,440	Nil
Ordinary Shares of no par value	1,089,059	603,819	873,039
FUNDED DEBT			
6½ % Sinking Fund Debenture Series A Dated September 1, 1965; Due September 1, 1975			\$875,000

1. APPLICATION

Okanagan Helicopters Ltd., hereinafter called the 'company', hereby makes application for the listing on The Toronto Stock Exchange of 873,039 ordinary shares without par value in the capital stock of the company, of which 603,819 have been issued and are outstanding as fully paid and non-assessable. The remaining 269,220 ordinary shares included in this application are subject to issue as follows:

(i) For exercise of share purchase warrants accompanying 6½ % Sinking Fund Debentures Series A	99,900
Issued under underwriting agreement	30,000
	129,900
(ii) For the conversion of the second cumulative redeemable convertible preferred shares; these shares are presently convertible at 3 ordinary for each preferred	139,320
	269,220

2. HISTORY

The company was incorporated under British Columbia charter on April 18, 1947, as Okanagan Air Services Ltd. to take over the assets and liabilities of a partnership known as Okanagan Air Services. In 1952 the company's name was changed to Okanagan Helicopters Ltd.

3. NATURE OF BUSINESS

The company, with its subsidiaries, is one of the largest commercial operators of helicopters in the world. Its many operations include transportation, pipe line patrols, topographical survey work, geological surveys, fire control, rodent control, reforestation, seeding and construction.

The company operated 54 aircraft in 1967.

The company also maintains a helicopter flying school for the training of pilots in both standard and mountain flying.

The company and its subsidiaries operates bases and sales offices at Campbell River, Cranbrook, Fort Nelson, Fort St. John, Kamloops, Kemano, Nelson, Prince George, Revelstoke, Smithers, Terrace and Vancouver, B.C., Calgary and High Level, Alberta, and Montreal, Quebec.

The company has a number of long term contracts including one for the Trans Mountain Oil Pipe Line Company for pipe line patrol; a forest fire prevention contract with B.C. Forest Protection Service; and with Shell Canada Limited to provide helicopter service to its drilling operations off the west coast of Vancouver Island.

Annual Operating Income	1963	\$2,803,755
	1964	3,522,147
	1965	4,248,701
	1966	4,514,853
	1967	6,570,946

The company employs approximately 150 engineers, pilots and administrative personnel on a year round basis. This figure is increased during the season to 175 employees.

4. INCORPORATION

Upon incorporation April 18, 1947, the authorized capital consisted of 130,000 Class A 5% cumulative participating preference shares, \$1 par value, 70,000 Class B common shares, \$1 par value. At December 31, 1953, 85,150 Class A shares and 48,430 Class B shares were outstanding.

5. SHARE ISSUES DURING PAST TEN YEARS

In 1954 the authorized capital of the company increased with the creation of 1,000,000 ordinary shares of no par value and 75,000 6% cumulative redeemable convertible preferred shares \$10 par value. The original Class A and Class B stock was then converted into new ordinary shares on the basis of 1 new share for each Class A or Class B share, leaving 133,580 ordinary shares outstanding. Subsequently during 1954, 216,420 ordinary shares and 75,000 preferred shares were issued.

In 1955 33,000 ordinary shares were issued.

In 1956 purchase rights were issued to shareholders of record on May 15, 1956, enabling them to purchase 1 treasury share at \$2.50 per share for each 10 shares then held. A total of 25,475 ordinary shares was taken up. Also 2,650 preferred shares were redeemed and 398 preferred shares converted into 1,393 ordinary shares.

In 1957 1,061 preferred shares were redeemed and 157 preferred shares converted into 471 ordinary shares.

In 1958 1,699 preferred shares were redeemed and 24,495 preferred shares were converted into 73,485 ordinary shares.

An offering to employees of 25,000 ordinary shares of \$3.11 per share was made in November, 1958. 19,754 shares were issued under this offering in 1959. Also in 1959, 918 preferred shares were redeemed and 104 preferred shares converted into 260 ordinary shares.

An offering to employees of 20,000 ordinary shares of \$3.24 per share was made in December, 1959.

In 1960 11,659 ordinary shares were issued under this offering. Also in 1960 917 preferred shares were redeemed and 1,108 preferred shares were converted into 2,770 ordinary shares. (The conversion privilege terminated December 15, 1960).

The company redeemed 2,361 preferred shares in 1961, 1,718 preferred shares in 1962, 297 preferred shares in 1963, 1,651 preferred shares in 1964.

During 1964, 49,772 ordinary shares were issued in part payment of the outstanding shares of Pacific Helicopter Holdings Ltd. increasing the number of ordinary shares outstanding at December 31, 1964, to 568,039 shares.

In August, 1965, the authorized capital of the company was increased by the creation of 50,000 6% second cumulative redeemable convertible preferred shares of \$10 par value, all of which were sold at par. Also 30,000 share purchase warrants were sold at 10c per warrant resulting in a credit to ordinary share capital \$3,000.

During 1965 the company redeemed a total of 1,599 6% preferred shares decreasing the number of these preferred shares outstanding to 33,867 at December 31, 1965.

During 1966, 766 preferred shares were redeemed and 10,000 ordinary shares were issued on exercise of options bringing outstanding capital stock at December 31, 1966 to 33,001 preferred and 50,000 second preferred and 578,039 ordinary shares.

During 1967, 950 preferred shares were redeemed, and 3,560 second preferred were converted into 10,680 ordinary shares, bringing outstanding capital stock at December 31, 1967, to 32,151 preferred, 46,440 second preferred and 603,890 ordinary shares.

6. STOCK PROVISIONS AND VOTING POWERS

The ordinary shareholders are entitled to one vote per share held.

(a) The company's preferred shares have preference as to capital and dividends and are entitled to 6% interest per annum, cumulative from December 15, 1954, payable quarterly March, June, September and December, redeemable in whole or in part at the option of the company on 30 days notice at \$10.50 per share plus accrued dividends. In the event of liquidation, winding up or distribution of assets entitled to amount paid up on preferred shares and all accrued and unpaid dividends. No classes of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the preferred shares nor may the authorized amount of the preferred shares be increased without the approval of the holders of the preferred shares; non-voting unless six quarterly dividends in arrears and then entitled to one vote per share.

(b) 6% second preferred subject to prior rights of preferred shares entitled to fixed cumulative dividends accruing September 1, 1965 at a rate of 6% per annum payable quarterly on the 1st days of March, June, September and December.

Redeemable in whole or in part at the company's option on 30 days notice at \$10.50 per share plus accrued and unpaid dividends. The company may purchase second preferred shares for cancellation on the market or by tender at a price not exceeding the redemption price plus costs of purchase and accrued dividends. In liquidation, winding up or distribution of assets, subject to prior rights of the preferred stock entitled to par and accrued dividends before any distribution may be made to the ordinary or other shares ranking junior to the second preferred.

Conversion privilege — convertible at the option of the holder into ordinary shares of the company on the following basis — 3 ordinary shares for each second preferred share to and including August 31, 1970; thereafter 2 ordinary shares for each second preferred share to and including August 31, 1975, when the conversion privilege expires. In the case of shares called for redemption the conversion privilege expires at the close of business on the 5th day prior to the date set for redemption. Provision is made for adjustment of the conversion privilege in the event of a stock split, payment of a stock dividend, etc. Voting Rights— non-voting unless six quarterly dividends in arrears when entitled to one vote per share so long as any dividend is in arrears. No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the second preferred shares nor may the authorized amount of second preferred shares be increased without shareholders' approval. Net proceeds estimated to be \$50,000 applied in repayment of bank loans.

7. DIVIDEND RECORD

Dividends on Preferred and second preferred shares have been made on the due dates.

Dividends paid on ordinary shares are as follows:

1958	15c
1959	15c
1960	20c
1961	10c
1962	05c
1963	05c
1964	15c
1965	25c
1966	20c
1967	20c

8. RECORD OF PROPERTIES

The company owns its Vancouver hangar and head office located on Vancouver Airport on land leased from the Department of Transport. The hangar covers 16,000 square feet and is located on land of 1¼ acres. The company also has hangars at its bases which it either owns or leases. These hangars are relatively small but are what is required for the individual base, the largest being at Prince George on land leased on a long lease from the Pacific Great Eastern Railway Company and occupying 10 acres and 8,000 sq. ft. of building.

9. SUBSIDIARY COMPANIES

The company has the following wholly owned subsidiaries:

Canadian Helicopters Ltd. acquired in 1965. This company operates 4 helicopters from Dorval Airport at Montreal.

Smart Aviation Limited acquired in 1955; operates gas and oil agencies from major oil companies at Nelson, Prince George, Smithers and Terrace.

Okanagan Copter Sprays Limited, formed in 1960 and carries out the company's spray operations.

Pacific Helicopters Ltd. and Pacific Helicopter Holdings Ltd. purchased in 1964. Assets of these companies were absorbed by Okanagan Helicopters Ltd. The name of Pacific Helicopters Ltd. was changed to Pacific Helicopter Sales Ltd. on December 28, 1966. This company is now responsible for selling surplus aircraft and parts.

Western Helicopter Consultants Ltd. acts as a consulting company selling professional services.

Canadian Helicopter Overhauls Limited was incorporated on March 30, 1967, and carries out overhauls on helicopters and components for the company and third parties.

Associated Companies:

Agar Helicopter Consultants Ltd.—52% owned. The company acts as a consultant on helicopter operations at Vancouver, B.C.

Canadian Air Borne Control Surveys Ltd.—50% of the common stock acquired in 1965. Formed to exploit the hoversight mapping and survey systems in Canada and abroad.

Ariel Engineering Limited—50% of the common stock acquired in 1965. This company has developed powerline construction using helicopters.

10.

FUNDED DEBT

6½ % Sinking Fund Debentures Series A:

Dated September 1, 1965; due September 1, 1975.

Principal and half-yearly interest (Mar. and Sept. 1) and redemption premium, if any, payable in lawful money of Canada at any branch in Canada (Yukon Territory excepted) of the company's bankers. Coupon debentures in denominations of \$500 and \$1,000 registrable as to principal only; and fully registered debentures in denominations of \$500 and \$1,000 and authorized multiples of \$1,000.

Authorized, no set amount, but subject to restrictions set forth in the trust deed; issued and outstanding, Series A, \$1,000,000.

Redeemable—For other than sinking fund, in whole or in part on 30 days' notice at the following rates, on or before Sept. 1 in each year:

1966	106.50	1969	104.25	1972	102.00
1967	105.75	1970	103.50	1973	101.25
1968	105.00	1971	102.75	1974	100.50

and thereafter at par till maturity; in each case with accrued interest. Redeemable for sinking fund purposes on 30 days' notice at the following rates, on or before Sept. 1 in each year:

1968	102.00	1971	101.10	1973	100.50
1969	101.70	1972	100.80	1974	100.20
1970	101.40				

and thereafter at par till maturity; in each case plus accrued interest. The company may also purchase the 6½ % debentures in the market or by private contract at prices not exceeding the then current general redemption rate plus accrued interest and costs of purchase. Such debentures purchased may be applied in satisfaction of sinking fund payments.

Sinking Fund—Sufficient to retire \$125,000 principal amount of debentures on Sept. 1 in each of the years 1968 to 1974 inclusive.

Trustee—The Canada Trust Company.

11.

RESERVED SHARES

Share Purchase Warrants—when originally issued 6½ % debentures were accompanied by share purchase warrants. These entitled the holder to purchase ordinary shares of the company on the basis of 50 shares for each \$500 principal amount of debenture at the following prices—\$3.50 per share on or before August 31, 1968; thereafter \$4.50 per share on or before August 31, 1972; thereafter \$5.50 per share on or before August 31, 1975, when warrants expire.

In addition to warrants issued for the debentures, warrants identical in form and covering the purchase of 30,000 shares were sold to underwriters at 10c per warrant.

12.

LISTING ON OTHER STOCK EXCHANGES

Shares of Okanagan Helicopters Ltd. are listed on the Vancouver Stock Exchange.

13.

STATUS UNDER SECURITIES ACTS

No filing, registration, approval or qualification has been made by the company with the Ontario Securities Commission.

The British Columbia Securities Commission has received all material required under the Securities Act (British Columbia) in reference to all offerings of issues made from time to time by the company.

14.

FISCAL YEAR

The company's fiscal year ends December 31.

15. ANNUAL MEETINGS

The annual meeting is normally in the last week of April and is held in Vancouver. The last annual meeting was held on April 21, 1967 and the next annual meeting is called for April 26, 1968.

16. HEAD OFFICE

The head office is located at Vancouver International Airport, Vancouver, B.C. The company has a sales office at 630 - 6th Avenue S.W., Calgary, Alberta, and at Canadian Helicopters Limited, Montreal International Airport, Dorval, P.Q.

17. TRANSFER AGENT

The Transfer Agent of the Company is:

Canada Trust Company, 901 West Pender Street, Vancouver, B.C. and 110 Yonge Street, Toronto, Ontario.

18. TRANSFER FEE

There is no fee charged on stock transfers other than the customary Government stock transfer taxes.

19. REGISTRAR

The Registrar of the Company is:

Canada Trust Company, 901 West Pender Street, Vancouver, B.C. and 110 Yonge Street, Toronto, Ontario.

20. AUDITORS

The auditors of the company are:

Peat, Marwick, Mitchell & Company,
Chartered Accountants,
900 West Hastings Street,
Vancouver, B.C.

21. OFFICERS

The Officers of the Company are:

O. St. P. Aitkens	Chairman of the Board	423 Christelton Ave., Kelowna, B.C.
C. N. Effinger	Vice-Chairman of the Board	4687 Angus Drive, Vancouver, B.C.
G. W. McPherson	President	4580 Marine Drive, West Vancouver, B.C.
I. Kennedy	Vice-President, Secretary and General Manager	4475 Keith Road, West Vancouver, B.C.

22. DIRECTORS

The Directors of the company are:

O. St. P. Aitkens	423 Christelton Avenue, Kelowna, B.C.
A. H. Bent	Box 6, Westbench, Penticton, B.C.
D. A. Dewar	2795 Wentworth Avenue, West Vancouver, B.C.
C. N. Effinger	4687 Angus Drive, Vancouver 9, B.C.
W. J. MacKenzie	1353 Mountain View Street, Kelowna, B.C.
G. W. McPherson	4580 Marine Drive, West Vancouver, B.C.
J. W. Pitts	1742 West 40th Avenue, Vancouver, B.C.
R. A. Smith	755 Eyremount, West Vancouver, B.C.
F. H. Wheeler	Lac Ouimet Club, St. Jovite Station, P.Q.

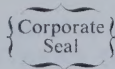
CERTIFICATE

Pursuant to a resolution duly passed by its Boards of Directors, the applicant company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

OKANAGAN HELICOPTERS LTD.

"G. W. McPHERSON," President

"IAN KENNEDY," Secretary



CERTIFICATE

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

PEMBERTON SECURITIES LTD.

"J. G. CHASTON," Vice-President

Distribution of ordinary stock as of December 31st, 1967

Number		Shares
67	Holders of 1 — 24 share lots	807
244	" " 25 — 99 " "	11,193
545	" " 100 — 199 " "	58,155
268	" " 200 — 299 " "	56,110
158	" " 300 — 399 " "	48,130
50	" " 400 — 499 " "	20,770
156	" " 500 — 999 " "	91,901
114	" " 1000 — up " "	316,753
<u>1,602</u>	Shareholders	<u>603,819</u>
	Total shares	

FINANCIAL STATEMENTS

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

ASSETS

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1967
(with comparative figures for 1966)

CURRENT ASSETS:	1967	1966
Cash	\$ 278,902	\$ 145,062
Short-term deposits	300,000	283,200
Accounts receivable	440,997	429,271
Due from affiliated companies	95,540	22,532
Inventory of work in progress, at cost	23,835	25,163
Inventories of parts and supplies, at lower of cost or replacement cost	368,745	396,513
Prepaid expenses	32,191	79,807
Refundable deposits on asset purchases	26,994	4,304
Total current assets	1,567,204	1,385,852
Special refundable tax	16,501	8,697
INVESTMENT IN OTHER COMPANIES:		
Shares, at cost	9,285	4,228
Advances	1,500	1,500
	10,785	5,728
FIXED ASSETS, AT COST LESS DEPRECIATION:		
Hangars, machine shop and office building on leased property	404,357	357,291
Flying equipment	6,549,432	5,374,617
Other equipment	278,296	223,024
	7,232,085	5,954,932
Less accumulated depreciation	2,138,641	2,171,640
	5,093,444	3,783,292
DEFERRED CHARGES AND OTHER ASSETS AT COST LESS AMOUNTS AMORTIZED:		
Financing expenses	79,358	85,287
Research and development costs (Note 2)	—	60,168
Patent rights	15,069	14,263
	94,427	159,718
	<u>\$6,782,361</u>	<u>\$5,343,287</u>

See accompanying notes to consolidated financial statements.

LIABILITIES

CURRENT LIABILITIES:	1967	1966
Accounts payable and accrued expenses	\$ 629,865	\$ 495,125
Instalments payable within one year on equipment purchase agreements	630,571	160,855
Balance of debenture sinking fund payments due within one year	44,500	—
Income taxes payable	9,230	7,627
Total current liabilities	1,314,166	663,607
LONG-TERM DEBT:		
Equipment purchase agreements, secured by mortgages on aircraft, less instalments due within one year	1,200,593	545,277
6½ % Sinking fund debentures, Series A, secured by a floating charge on the assets, due Sept. 1, 1975 less sinking fund payments due within one year	875,000	1,000,000
Total long-term debt	2,075,593	1,545,277
CAPITAL AND EARNINGS RETAINED AND USED IN THE BUSINESS:		
Capital (Note 1):		
Preferred shares	785,910	831,010
Ordinary shares of no par value	1,029,457	959,757
	1,815,367	1,790,767
Capital redemption reserve created pursuant to Section 63 of the Companies Act (British Columbia)	165,870	156,370
Earnings retained and used in the business, per accompanying statement	1,411,365	1,187,266
	3,392,602	3,134,403
Contingent liability (Note 4)	<u>\$6,782,361</u>	<u>\$5,343,287</u>

Approved on behalf of the Board:

O. ST. P. AITKENS, Director; G. W. McPHERSON, Director.

Countersigned: IAN KENNEDY, Secretary.

OKANAGAN HELICOPTERS LTD.

CONSOLIDATED STATEMENT OF EARNINGS YEAR ENDED DECEMBER 31, 1967 (with comparative figures for 1966)

	1967	1966
Income from helicopter operations and aircraft services	\$5,670,946	\$4,514,853
OPERATING EXPENSES:		
Helicopter operations, maintenance and other operating expenses (Notes 2 and 3)	4,205,555	3,537,448
Administrative and general expenses	440,089	374,291
	<u>4,645,644</u>	<u>3,911,739</u>
Operating profit before depreciation	1,025,302	603,114
Depreciation	422,211	372,852
Operating income	<u>603,091</u>	<u>230,262</u>
INTEREST CHARGES:		
On long-term debt (including amortization of financing expenses \$5,928) ...	139,656	117,109
Other, net	(6,197)	(13,747)
	<u>133,459</u>	<u>103,362</u>
Earnings before taxes on income	469,632	126,900
Taxes on income (Note 3)	7,500	7,500
Net earnings	<u>\$ 462,132</u>	<u>\$ 119,400</u>

CONSOLIDATED STATEMENT OF EARNINGS RETAINED AND USED IN THE BUSINESS

Balance at beginning of year	\$1,187,266	\$1,304,650
Net earnings for the year	462,132	119,400
Dividends received	1,250	2,500
Gain on sale of assets, net	1,116	—
Discount on redemption of preferred shares	432	363
Discount on redemption of debentures	3,744	—
	<u>1,655,940</u>	<u>1,426,913</u>
Dividends paid:		
Preferred shares	49,479	50,134
Common shares	119,928	114,108
Research and development costs written off	60,168	—
Loss on disposal of assets (Note 3)	—	60,405
Amount provided for capital redemption	15,000	15,000
	<u>244,575</u>	<u>239,647</u>
Balance at end of year	<u>\$1,411,365</u>	<u>\$1,187,266</u>

See accompanying notes to consolidated financial statements.

OKANAGAN HELICOPTERS LTD.
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED DECEMBER 31, 1967
(with comparative figures for 1966)

FUNDS PROVIDED BY:	1967	1966
Operations:		
Net profit	\$ 462,132	\$ 119,400
Add charges not requiring cash expenditure:		
Depreciation	422,211	372,852
Amortization of deferred charges	7,187	5,928
Losses on components scrapped and accidents	81,036	—
Funds provided by operations	972,566	498,180
Dividends	1,250	2,500
Sale of equipment	287,803	221,663
Increase in long-term financing on asset purchases	655,316	97,348
Issue of capital stock	34,100	22,500
Total funds provided	1,951,035	842,191

FUNDS APPLIED TO:		
Purchase of equipment	2,100,087	1,292,304
Special refundable tax	7,804	8,697
Dividends:		
Preferred shares	49,479	50,134
Common shares	119,928	114,108
Redemption of preferred shares	14,568	14,637
Investment in other companies	5,057	—
Deferred charges and other assets	2,063	75,441
Sinking fund requirements on debentures	121,256	—
Total funds applied	2,420,242	1,555,321
Decrease in working capital	469,207	713,130
Working capital at beginning of year	722,245	1,435,375
Working capital at end of year	\$ 253,038	\$ 722,245

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Okanagan Helicopters Ltd. and its subsidiaries as of December 31, 1967 and the consolidated statements of earnings, earnings retained and used in the business and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change of which we approve, in the method of recording losses on disposals of fixed assets, as explained in Note 3 to the consolidated financial statements.

Vancouver, B.C.
February 20, 1968.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

OKANAGAN HELICOPTERS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

	Number of shares	Amount
1. (a) Capital:		
Preferred:		
(i) 6% cumulative redeemable convertible preferred shares of \$10 par value per share. Authorized 48,738 shares:		
Issued at beginning of year	33,101	\$ 331,010
Less redeemed during the year	950	9,500
Issued at end of year	32,151	321,510
(The convertible privileges of these shares expired Dec. 15, 1960.)		
(ii) 6% second cumulative redeemable convertible preferred shares of \$10 par value per share. Authorized 46,440 shares:		
Issued at beginning of year	50,000	500,000
Converted to common shares	3,560	35,600
Issued at end of year	46,440	464,400
Total preferred shares		\$ 785,910
Ordinary shares of no par value:		
Authorized 1,089,059 shares:		
Issued at beginning of year	578,039	\$ 959,757
Issued during year for cash	15,100	34,100
Issued on conversion of second preferred shares	10,680	35,600
Issued at end of year	603,819	\$1,029,457
(b) Details of ordinary shares reserved:		
(i) For exercise of share purchase warrants:		
Accompanying 6½% Sinking Fund Debentures Series A		99,900
Issued under underwriting agreement		30,000
		129,900
(ii) No shares are reserved for the conversion of the second cumulative redeemable convertible preferred shares because as these shares are converted the number of the authorized ordinary shares is statutorily increased. The shares are convertible at 3 common for each preferred.		
(c) The preferred shares are redeemable at \$10.50 per share. The terms of issue of the cumulative redeemable convertible preferred shares provide for an annual sinking fund provision (subject to certain provisions) of \$15,000.		
<p>The terms of issue of the debenture trust deed restrict the payment of dividends on the ordinary shares if, as at a date not more than ninety days prior to the taking of any such action and after giving effect thereto, the consolidated net current assets of the company and its wholly-owned subsidiaries would be less than \$200,000.</p>		
2. The company spent \$37,767 in the current year on the continuation of the development of the cargo hooks. However, because of technical difficulties encountered, the recovery of these amounts from sales is now expected to be delayed. This has been recognized by writing-off to retained earnings the amount deferred in the previous year and by charging operations with the current year's expenditure.		
3. Provision for depreciation of flying equipment has been made at the rate of 10% (straight-line method) on cost less estimated residual value as in the previous year. At the maximum rate of 40% (reducing balance method) allowable for income tax purposes, an additional \$532,800 will be claimed in 1967 (1966, \$7,000) which will reduce income taxes otherwise exigible by approximately \$266,400 (1966, \$3,500). The accumulated tax reductions to date under this procedure amount to \$1,176,400. Actual profits or losses on the sale of fixed assets are recorded through retained earnings. However, losses arising from the retirement of time expired components and from self-insurance (including amounts deductible under policy terms), which had previously been treated in the same manner, are now being charged against operations. This change resulted in a charge of approximately \$81,000 to operations in the current year.		
4. Contingent liability:		
For the completion of a contract by a subsidiary company in the amount of approximately \$90,000.		
5. Administration:		
Direct remuneration of directors and senior officers, as defined by the Securities Act, Province of British Columbia, amounted to \$99,313 for the year 1967.		

OKANAGAN HELICOPTERS LTD.

STATEMENT OF CONSOLIDATED EARNINGS

Years ended 1967, 1966, 1965, 1964 and 1963

	1967	1966	1965	1964	1963
Income from helicopter operations and aircraft services	\$5,670,946	\$4,514,853	\$4,248,701	\$3,522,147	\$2,803,755
OPERATING EXPENSES:					
Helicopter operations, maintenance and other operating expenses	4,205,555	3,537,448	3,180,611	2,641,835	2,003,665
Administrative and general expenses ..	440,089	374,291	312,212	247,762	235,342
	4,645,644	3,911,739	3,492,823	2,889,597	2,239,007
Operating Profit before depreciation	1,025,302	603,114	755,878	632,550	564,748
Depreciation	422,211	372,852	283,917	274,701	247,621
Operating income	603,091	230,262	471,961	357,849	317,127
INTEREST CHARGES:					
On long-term debt (including amortization of financing expenses)	139,656	117,109	40,170	—	—
Other, net	(6,197)	(13,747)	36,227	57,091	46,681
	133,459	103,362	76,397	57,091	46,681
Earnings before taxes on income	469,632	126,900	395,564	300,758	270,446
Taxes on income	7,500	7,500	9,500	7,339	33,300
Net Earnings	\$ 462,132	\$ 119,400	\$ 386,064	\$ 293,419	\$ 237,146

